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SUBJECT: Santiago Oct. 2 Media Report

Lead Story

11. The Antofagasta Regional Environmental Commission (Corema) ordered gas company "Geotermica del Norte" to cease exploration activities near El Tatio geyser field in northern Chile. On September 8 operations resulted in a leak that sent water shooting 197 feet into the air, causing environmental damage. El Tatio is one of Chile's most important tourist attractions. Geotermica del Norte's negligence could result in the permanent loss of its authorization to explore geothermal energy in the area (La Tercera, 10/2).

U.S.-Related News

12. Interview with U.S. Ambassador Paul Simons on the Obama administration and the Israeli-Palestinian conflict. "The President understands the issue, is familiar with it, and has publicly addressed it, unlike other administrations that waited until the third or last year to start moving forward on it," said Simons. The Ambassador said the United States is "willing to take an active role," noting that President Obama appointed George Mitchell as his Special Envoy to the Middle East just a few days after taking office. Simons also highlighted the President's speech in Cairo on June 4 as an example of his commitment to move forward on Israeli and Palestinian talks and engage with the Muslim world. "We have moved forward significantly," said Simons (Al Damir Magazine, September edition).

"Salitre" Military Exercise

13. Peruvian Foreign Minister Jose Garcia-Belaunde attempted to lower the tension with Chile caused by Peruvian Defense Minister Rafael Rey's request for Santiago to cancel the "Salitre" exercise. "I don't believe there is a diplomatic impasse. What we have is an operation that is usually conducted by countries through their militaries," Garcia-Belaunde said. Peruvian Minister Rey, however, insisted yesterday on criticizing the exercise on the grounds that it is "offensive" to Peru (Conservative, influential El Mercurio,

10/2).

Honduras

14. OAS representative to Honduras John Biehl met with Manuel Zelaya in the Brazilian embassy. Biehl said he saw in the ousted president "favorably disposed" to negotiate, adding that he is seeing the same disposition in other groups. "There is a willingness to talk seriously to resolve the problem," said Biehl, who is scheduled to meet with Micheletti today (Conservative, afternoon La Segunda, 10/2).

15. Excerpts of an interview with Roberto Micheletti: "What we have done is ask Brazil to respect the law. An embassy cannot be used for domestic politics and least of all to instigate violence....I am willing to find a solution, but cannot allow a man who broke the law and was legally removed from office... to elude his responsibility...I am willing to resign before the end of the term if the constitutional conditions are met...The international community does not understand what is happening in Honduras. It does not understand that we have our laws. Institutions are working perfectly, and in accordance with the constitution there is

an electoral process, which is the way to normalize the political situation" (Alvaro Vargas Llosa interview in conservative, independent La Tercera, 10/2).

Local

16. The IMF World Economic Outlook report foresees that Chile will experience 4% economic growth in 2010 and an increase in its per capita income, measured as purchasing parity, to US\$14,299, the highest in Latin America (La Tercera, 10/2).

17. Presidential candidate Marco Enriquez-Ominami outlined his political program to an audience of entrepreneurs at the Centro de Estudios Publicos (CEP), a think-tank. His proposals, which were widely applauded, focus on tax reforms that would collect an additional US\$2 billion a year, modernization of the government, and labor flexibility policies. He proposed modernizing the government by electing regional "Intendentes," rather than appointing them, introducing indigenous people's representatives, and setting Congressional term limits. He also talked about energy and digital television. The overall impression among entrepreneurs of Enriquez-Ominami's program was positive. "Very open minded," said Horst Paulmann, head of the Cencosud holding. "An attractive candidate," said Francisco Perez Mackenna of the Luksic group (Financial daily Diario Financiero, and La Tercera, 10/2).

SIMONS